

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

TABLE OF CONTENTS

DECEMBER 31, 2021

Management's Discussion and Analysis	i
Basic Financial Statements:	
Independent Auditor's Report	1
Statement of Net Position and Governmental Funds Balance Sheet	5
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	6
Statement of Cash Flow	7
Notes to the Financial Statements	8
Supplementary Information:	
Required Supplementary Schedules:	
1 Schedule of Revenues and Expenditures – Budget Basis and Actual	20
Supplemental Schedules:	
2 Schedule of Projects: Exemptions, PILOTS and Full Time Equivalent Jobs Created and Retained	22
Reports in Accordance with <i>Government Auditing Standards</i>:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED DECEMBER 31, 2021

1. Introduction:

Within this section of the Hudson Industrial Development Agency (the Agency) a Component Unit of the City of Hudson financial statements, the Agency's management provides narrative discussion and analysis of the financial activities of the Agency for the years ended December 31, 2021 and 2020. This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements for the years ended December 31, 2021 and 2020.

2. Overview of the Financial Statements:

The Agency's basic financial statements include: (1) Management's Discussion and Analysis (2) Basic Financial Statements, (2) Notes to the Financial Statements, and (3) Supplementary Information.

A. Financial Statements

The Financial Statements of the Agency report information utilizing the full accrual basis of accounting. The Financial Statements conform with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board (GASB). The Statement of Net Position include information on the Agency's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Agency's creditors (liabilities). The Statement of Activities identifies the Agency's revenues and expenses for the year ended December 31, 2021. This statement provides information on the Agency's operations over the past year and can be used to determine whether the Agency has operated in a surplus or deficiency. The third financial statement is the Statements of Cash Flows. This statement provides information on the Agency's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the year.

B. Notes to Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

C. Supplementary Information

The Statement of Revenues and Expenditures - Budget and Actual provides a comparison of budget and actual information for the Agency's operating accounts. The Schedules of Projects and Exemptions, and Payment in Lieu of Taxes (PILOTS) are required by the Office of the State Comptroller for Industrial Development Agencies. Supplementary information begins immediately following the Notes to the Financial Statements.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR FISCAL YEAR ENDED DECEMBER 31, 2021

3. Financial Highlights:

The following items are the financial highlights experienced by the Hudson Industrial Development Agency.

- The overall fund equity of the Agency increased (decreased) by \$279,967 and (\$7,862) during the years ended December 31, 2021 and 2020, respectively.
- The Agency's total revenue was \$311,937 and \$9,551 during 2021 and 2020, respectively.
- The Agency's total operating expenditures were \$31,970 and \$17,413 during 2021 and 2020, respectively.

4. Financial Statement Analysis:

The Statement of Net Position and the Statement of Activities provide an indication of the Agency's financial condition and also indicate that the financial condition of the Agency has improved or deteriorated during the last year. The Agency's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

Below is a comparative summary of the Agency's Statement of Net Position as of December 31:

Table 1
Statement of Net Position

	2021	2020	Dollar Change	Percentage Change
Assets:				
Current Assets	\$ 356,497	\$ 213,538	\$ 142,959	66.95%
Capital Assets, Net of				
Accumulated Depreciation	40,000	40,000	-	0.00%
Total Assets	<u>396,497</u>	<u>253,538</u>	<u>142,959</u>	56.39%
Liabilities:				
Current Liabilities	\$ 36,538	\$ 173,576	\$ (137,038)	-78.95%
Total Liabilities	<u>\$ 36,538</u>	<u>\$ 173,576</u>	<u>\$ (137,038)</u>	-78.95%
Net Position:				
Invested in Capital Assets	40,000	40,000	-	-
Net Position, Unrestricted	319,929	39,962	279,967	700.58%
Total Net Position	<u>359,929</u>	<u>79,962</u>	<u>279,967</u>	350.13%
Total Liabilities and Net Position	<u>\$ 396,467</u>	<u>\$ 253,538</u>	<u>\$ 142,929</u>	56.37%

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR FISCAL YEAR ENDED DECEMBER 31, 2021

4. Financial Statement Analysis (Continued):

The Agency's current assets consist of cash in banks. Funds received from various entities that participate in the Agency's PILOT program are deposited and then disbursed to the appropriate taxing jurisdictions. The current year decrease in Current Liabilities is primarily PILOT payments collected in 2020 and paid in 2021. Fund Position increased (decreased) by \$279,967 and (\$7,862) during December 31, 2021 and 2020, respectively as a result of activities of the Agency in 2021 and 2020 as summarized below.

	2021	2020	Dollar Change	% Change
Interest	223	302	(79)	-26.16%
Other Income	311,714	9,249	302,465	3270.25%
Total Revenue	311,937	9,551	302,386	3166.01%
Expenditures	31,970	17,413	14,557	83.60%
Total Revenue in Excess of (Deficiency) of Expenditures	279,967	(7,862)	287,829	-3661.02%

Revenues are derived primarily from administrative fee income and interest income. Expenditures consist primarily of professional fees for management, legal, and accounting services.

5. Additional Information:

This report is prepared for use of the Agency's audit committee, management, and pass through entities, and members of the public interested in the affairs of the Agency. Questions with regard to this financial report or requests for additional information may be addressed to the Hudson Industrial Development Agency, 520 Warren St, Hudson, New York 12534.



Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Joseph J. Montalto, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hudson Industrial Development Agency
A Component Unit of the City of Hudson
Hudson, New York

Report on the Audit of the Financial Statements ***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Hudson Industrial Development Agency (the Agency) a Component Unit of the City of Hudson, New York as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit

Governmental Activities
Business Type Activities

Type of Opinion

Qualified
Unmodified

Qualified Opinions on Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions sections of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the Hudson Industrial Development Agency a component Unit of the City of Hudson, as of December 31, 2021, and the respective changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business Activities

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hudson Industrial Development Agency a component Unit of the City of Hudson, as of December 31, 2021 and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles general accepted in the United States of America.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our qualified and unmodified audit opinions.

Matters Giving Rise to Qualified Opinions on Government Activities

Management does not have adequate records regarding Property and Plant assets' value that the Agency holds title to. Accordingly, we were not able to obtain sufficient information supporting the year-end balances for the Agency's Property and Plant, nor were we able to satisfy ourselves through the use of alternate auditing procedures. The amount by which this qualification affects the assets by \$40,000 and net position – net investment in capital assets by \$40,000.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages i-iii and 20-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Projects : Exemptions, PILOTS, and Full Time Equivalent Jobs Created and Retained are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

HUDSON INDUSTRIAL DEVELOPMENT AGENCY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Projects : Exemptions, PILOTS, and Full Time Equivalent Jobs Created and Retained is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Siegle, Lorchin, Allen + Churchill, LLP, P.C.

Hudson, New York
March 14, 2022

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2021

	Governmental Fund	Total	Adjustments (1)	Statement of Net Position
ASSETS				
Cash:				
Unrestricted	\$ 330,302	\$ 330,302	\$ -	\$ 330,302
Restricted	20,470	20,470		20,470
Receivables:				
Other Receivables - Escrow	5,695	5,695	-	5,695
Capital Assets, Net	-	-	40,000	40,000
Total Assets	<u>356,467</u>	<u>356,467</u>	<u>40,000</u>	<u>396,467</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	-	-	-	-
Total Deferred Outflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 356,467</u>	<u>\$ 356,467</u>	<u>\$ 40,000</u>	<u>\$ 396,467</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 35,194	\$ 35,194	\$ -	\$ 35,194
Other Liabilities - Escrow	1,344	1,344	-	1,344
Total Liabilities	<u>36,538</u>	<u>36,538</u>	<u>-</u>	<u>36,538</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE/NET POSITION				
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	319,929	319,929	(319,929)	-
Total Fund Balances	<u>319,929</u>	<u>319,929</u>	<u>(319,929)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 356,467</u>	<u>\$ 356,467</u>		
Net Position:				
Net Investment in Capital Assets			40,000	40,000
Unrestricted			319,929	319,929
Total Net Position			<u>359,929</u>	<u>359,929</u>
Total Liabilities, Deferred Inflows and Net Position			<u>\$ 40,000</u>	<u>\$ 396,467</u>

(1) -When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the Agency as a whole.

See independent auditor's report and notes to the financial statements.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Governmental Fund	Total	Adjustments (1)	Statement of Activities
FUNCTIONS/PROGRAMS				
Economic Assistance & Opportunity				
Professional Fees	\$ 31,970	\$ 31,970	\$ -	\$ 31,970
Total Functions and Programs	<u>31,970</u>	<u>31,970</u>	<u>-</u>	<u>31,970</u>
GENERAL REVENUES				
Use of Money and Property				
Interest	\$ 223	\$ 223	\$ -	\$ 223
Lease Income	9,797	9,797	-	9,797
Other Charges for Services	<u>301,917</u>	<u>301,917</u>	<u>-</u>	<u>301,917</u>
Total General Revenues	<u>311,937</u>	<u>311,937</u>	<u>-</u>	<u>311,937</u>
Change in Net Position	279,967	279,967	-	279,967
Total Net Position - Beginning of Year	<u>39,962</u>	<u>39,962</u>	<u>40,000</u>	<u>79,962</u>
Total Net Position - End of Year	<u>\$ 319,929</u>	<u>\$ 319,929</u>	<u>\$ 40,000</u>	<u>\$ 359,929</u>

(1) - When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the Agency as a whole.

See independent auditor's report and notes to the financial statements.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

PILOT Receipts	\$ 184,690
Escrow Receipts	89,187
Interest Income	223
Lease Income Received	9,797
Other Charges for Service	301,917
PILOT Payments	(355,953)
Escrow Payments	(68,231)
Operating Expenses	<u>(23,911)</u>
Net Cash Provided (Used) by Operating Activities	<u>137,719</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Cash Provided (Used) by Investing Activities	<u>-</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Net Cash Provided (Used) by Financing Activities	<u>-</u>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 137,719

CASH AND CASH EQUIVALENTS, BEGINNING 213,053

CASH AND CASH EQUIVALENTS, ENDING \$ 350,772

*RECONCILIATIONS OF CHANGES IN NET POSITION TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2021:*

Changes in Net Position \$ 279,967

Changes in Assets and Liabilities:

(Increase) Decrease in:

Accounts Receivable - Escrow	(5,210)
Accounts Payable	32,881
Due to Other Governments	(171,263)
Other Liabilities - Escrow	<u>1,344</u>
	<u>(142,248)</u>

Net Cash Provided (Used) by Operating Activities \$ 137,719

See independent auditor's report and notes to the financial statements.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Hudson Industrial Development Agency (the “Agency”) a Component Unit of the City of Hudson have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity:

The Hudson Industrial Development Agency (the “Agency”, IDA) was created in 1975 by the City of Hudson under the provisions of the Laws of New York State for the purpose of encouraging economic growth in the City of Hudson. The Agency is exempt from federal, state and local income taxes. The Agency is a component unit of the City of Hudson.

The Agency’s present function is to promote, develop and encourage reconstructing, improving and maintaining manufacturing, warehousing, and commercial facilities to promote job opportunities and economic welfare for the people of the City of Hudson, New York. This is done through administering PILOTS and bond agreements.

The Agency enters into and administers Payments In Lieu of Tax (“PILOTS”) agreements for various companies in the City of Hudson. The PILOTS agreements are entered into between the Agency and a third party business. Title to Property owned by the third party business is transferred to the Agency for a period time. During the term of the agreement when the Agency holds the title to the property, the third party business pays the Agency an annual amount based on a calculation derived by a formula in the agreement. The PILOT agreements allow the participants to make payments at a lower rate than if the company paid the property’s assessed value at the current tax rates for county, city, and school district. Certain requirements are to be met by the company to be able to maintain their PILOT. These requirements; stated in the PILOT agreement, can be comprised of reaching and maintaining certain employee goals and paying their PILOT in a timely fashion. This promotes employment and economic development. The Agency will in turn pay the respective tax authorities. At the completion of the PILOT program, title to the property is transferred back to the business owner and the property goes back on the tax rolls.

All proprietary activities and functions performed for the Hudson Industrial Development Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The Agency is included in the City of Hudson, New York’s financial statements as a potential component unit based on several criteria set forth in GASB Statements No. 14, 39, 61 and 80 including legal standing, fiscal dependency, and financial accountability.

See independent auditor’s report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Fund Accounting:

The Hudson Industrial Development Agency uses funds and account groups to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Hudson Industrial Development Agency records its transactions in the fund types and account groups described below.

I. Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the Agency's governmental fund types:

a. Enterprise Fund:

This is the principal operating fund and includes all operations not required to be recorded in other funds.

C. Fund Balances:

The Agency follows Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54, changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation. Fund balance is broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned.

I. Non-Spendable:

Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principle of endowments.

See independent auditor's report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. Restricted:

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Directors is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Agency has no committed fund balance as of December 31, 2021.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body of official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution has authorized the Agency to assign fund balance.

V. Unassigned:

Represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

When resources are available from multiple classifications, the Agency spends funds in the following order: restricted, committed, assigned, unassigned.

D. Basis of Accounting/Masurement Focus:

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- Accrual Basis:

The IDA uses the measurement focus and basis of accounting as appropriate for proprietary funds. Measurement refers to what is measured and reported in the financial statement, while basis of accounting determines when a transaction or economic event is recognized.

The IDA utilizes a measurement focus based on the flow of economic resources. This includes the capitalization of fixed assets, charging depreciation expense and recording long term debt as a fund liability. Accordingly, IDA uses an accrual basis of account which recognizes revenues and expenses when they occur, regardless of cash flow.

E. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

F. Deferred Outflows/Inflows of Resources:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

G. Property, Plan, and Equipment – General:

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost) in the Schedule of Non-Current Government Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

H. Revenues Recognition:

Income generated from administrative and lease fees are recognized in the period the services are performed. PILOT/Escrow receipts and PILOT/Escrow payments related to the property not owned by the Agency due to the respective taxing authorities and Escrow

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

activity for costs paid by entities applying for PILOT's are accounted for as pass through transactions and are not included in the revenues or expenses of the Agency.

The Agency has the responsibility for collections and remitting the fund but the City of Hudson, New York ultimately bears the risk of loss if PILOT payments are not paid to the Agency by the respective companies.

I. Estimates:

The preparation of financial statements in conformity with special purpose framework requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimated. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences and potential contingent liabilities.

J. New Accounting Standards:

The Agency has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2021, the Agency implemented the following new standards issued by GASB:

-- The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

-- The GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which provides exceptions to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

-- The GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report* - This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

See independent auditor's report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Future Changes in Accounting Standards:

-- The GASB has issued Statement No. 87, *Leases*, which will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

-- The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

See independent auditor's report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

-- The GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – An Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, which provides increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Costs will be mitigated in association with the reporting of certain defined contribution pension plans. The relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Agency will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. General Budget Policies:

I. The Agency employs the following budgetary procedures:

See independent auditor's report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

- a. The Treasurer submits a tentative budget to the Board of Directors in October for the next fiscal year, which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

II. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Special Revenue Funds. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

- B. The following account had an excess of actual expenditures over final budget for the year:

Economic Assistance & Opportunity	
Professional Fees	<u>\$ 11,970</u>

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS:

A. Assets:

I. Cash:

The Agency's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Hudson Industrial Development Agency's investment policies are governed by state statutes. In addition, the Agency is subject to the City of Hudson, New York's written investment policy. The Agency's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

As of December 31, 2021, \$0 of the Agency's bank balance of \$444,850 was exposed to custodial credit risk.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$20,470 in the escrow funds.

B. PILOT Receivables:

There are no outstanding PILOT receivables at December 31, 2021.

NOTE 4 – PROPERTY AND PLANT:

Property and plant recorded on the financial records are stated at cost and consist of the following at December 31, 2021. The assets listed below are recorded based on historic costs paid for these projects.

	Cost	Depreciable Lives
Land	\$ 40,000	n/a

NOTE 5 – TAX ABATEMENT:

The Agency enters into property tax abatement agreements with local businesses under Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Act"). Under the Act, the Agency (as amended March 17, 2003) may grant property tax abatements for a business' property tax bill for the purpose of attracting or retaining business within their jurisdictions, as follows:

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 5 – TAX ABATEMENT (CONTINUED):

<u>Year of Exemption</u>	<u>Fraction of Assessment</u>
1	50%
2	55%
3	60%
4	65%
5	70%
6	75%
7	80%
8	85%
9	90%
10	100%

The abatements may be granted to any business located within or promising to relocate to the City of Hudson. For the fiscal year ended December 31, 2021, the Agency abated property taxes totaling \$231,347 under this program, including the following tax abatement agreements that exceed 2 percent of the total amount abated:

A 0.25% property tax abatement to an apartment facility, under a lease agreement dated January 12, 2010, for purchasing and opening thirteen townhouse-style buildings in the City of Hudson. This abatement amounted to \$184,690.

NOTE 6 – CONDUIT DEBT OBLIGATIONS:

From time to time, the Hudson Industrial Development Agency has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the interest of the public. The bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither, the City of Hudson, Hudson, Industrial Development Agency, the State of New York, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 7 – COMMITMENTS AND CONTINGENCIES:

- A. The Agency is subject to litigation in its normal course of operations. Presently, the Agency is not subject to any matters that require the recognition of a liability in the financial statements.

See independent auditor's report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 7 – COMMITMENTS AND CONTINGENCIES (CONTINUED):

- B. Coronavirus (COVID-19) has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, other organizations, and the general population may be in the billions of dollars (or more). The Agency was impacted.
1. The region had experienced an increase in population from individuals leaving the major metropolitan cities in New York. As a result there was increase in demand in housing. The impact to the Agency was an increase in application submissions.
 2. Compliance with Government Restrictions may include additional training, and New York State exposure and isolation requirements.
- C. The Agency entered into an agreement with 620 Union Street LLC on March 1, 2021 to provide fixed payments each year, for a period of 11 years, commencing upon the completion of construction. The agreement deviates from the Agency's Uniform PILOT Policy. An administration fee is due to the Agency in three equal installments payable at the time of closing, commencement of construction, and completion of construction.
- D. The Agency entered into an agreement with PBF Hudson LLC on December 30, 2021 to provide fixed payments each year, for a period of 11 years, commencing upon the entity receiving tax exemption status from the Taxing Jurisdiction, with the applicable assessors for property located at 549 Washington Street. The Company will be required to pay all taxes and assessments until the entity is entitled to exempt tax on the tax rolls of the respective Taxing Jurisdictions. The agreement deviates from the Agency's Uniform PILOT Policy. Administrative fees were paid to the Agency.
- E. The Agency entered into an agreement with Galvan Initiatives Foundation, on behalf of an entity to be formed, on September 15, 2021 to provide 20% shelter rents, for a period of 30 years, for the residential units, plus an amount equal to taxes at 100% of the proportionate share of assessed value attributable to commercial units for property located at 75 N. 7th Street. The agreement deviates from the Agency's Uniform PILOT Policy.
- F. The Agency entered into an agreement with Galvan Initiatives Foundation, on behalf of 708 State Hudson LLC or another entity to be formed, on September 15, 2021 to provide PILOT payments based on a percentage of assessed value schedule for the residential units as follows, for a period of 20 years: 25% for years 1 through 10, increasing by 5% each year starting at year 11 to year 16, then increasing 10% per year to 95% in year 20, plus an amount equal to taxes at 100% of the proportionate share of the assessed value of the commercial units, for property located at 708 State Street. The agreement deviates from the Agency's Uniform PILOT Policy.

See independent auditor's report.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

NOTE 8 – SUBSEQUENT EVENTS:

A. 402 Warren Street, Hotel Project:

In February 2022, the Board received an application requesting payment in lieu of real property taxes for property located at 402 Warren Street. The Board will continue the review process of the application.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Use of Money and Property				
Interest	\$ 400	\$ 400	\$ 223	\$ (177)
Lease Income	7,500	7,500	9,797	2,297
Administration and Service Fees	30,000	30,000	301,917	271,917
Sale of Property and Compensation for Loss	-	-	-	-
Total Revenues	37,900	37,900	311,937	274,037
OTHER FINANCING SOURCES				
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances	-	-	-	-
Carried Forward From Prior Year	-	-	-	-
Total Revenues and Other Financing Sources	\$ 37,900	\$ 37,900	\$ 311,937	\$ 274,037

See independent auditor's report and notes to the financial statements.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET BASIS AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
Economic Assistance & Opportunity					
Professional Fees	\$ 20,000	\$ 20,000	\$ 31,970	\$ -	\$ (11,970)
Total Expenditures	20,000	20,000	31,970	-	(11,970)
OTHER USES					
	-	-	-	-	-
Total Expenditures and Other Uses	\$ 20,000	\$ 20,000	\$ 31,970	\$ -	\$ (11,970)

See independent auditor's report and notes to the financial statements.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
 A COMPONENT UNIT OF THE CITY OF HUDSON
 SCHEDULE OF PROJECTS: EXEMPTIONS, PILOTS,
 AND FULL TIME EQUIVALENT JOBS CREATED AND RETAINED
 FOR THE YEAR ENDED DECEMBER 31, 2021

Real Property Tax

	Exemptions County	Exemptions Local	Exemptions School	Total Exemptions
Hudson Terrace	\$ 45,791	\$ 68,924	\$ 116,632	\$ 231,347

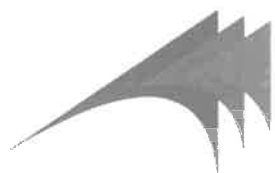
Payments in Lieu of Taxes (PILOTS)

	County	Local	School	Total
Hudson Terrace	\$ 36,169	\$ 54,443	\$ 94,078	\$ 184,690

Full Time Equivalent(FTE) Jobs Created and Retained

# of FTE Employees at Project Location Before IDA status	7
Original Estimate of Jobs to be Created	7
Original Estimate of Jobs to be Retained	7
# of Current FTE Employees	4
# of FTE Construction Jobs Created During Fiscal Year	-

See independent auditor's report and notes to the financial statements.



Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Joseph J. Montalto, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Hudson Industrial Development Agency
A Component Unit of the City of Hudson
Hudson, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and cash flows of the Hudson Industrial Development Agency, a Component Unit of the City of Hudson for the year December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated March 14, 2022.

Internal Control Over Financial Reporting:

In planning and performing our audit of the financial statements, we considered the Hudson Industrial Development Agency's a Component Unit of the City of Hudson internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hudson Industrial Development Agency's a Component Unit of the City of Hudson internal control. Accordingly, we do not express an opinion on the effectiveness of the Hudson Industrial Development Agency's a Component Unit of the City of Hudson internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

HUDSON INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE CITY OF HUDSON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Hudson Industrial Development Agency's a Component Unit of the City of Hudson financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report:

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seidler, Forchian, Allen + Churchill, LLP, P.C.

Hudson, New York
March 14, 2022